DOCUMENT RESUME

ED 471 977 CE 084 388

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TITLE	The Economic Benefits of the GED: A Research Synthesis. NCSALL Research Brief.
INSTITUTION	National Center for the Study of Adult Learning and Literacy, Boston, MA.
SPONS AGENCY	National Inst. on Postsecondary Education, Libraries, and Lifelong Learning (ED/OERI), Washington, DC.
PUB DATE	2002-00-00
NOTE	4p.
CONTRACT	R309B60002
AVAILABLE FROM	For full text: http://ncsall.gse.harvard.edu/research/brief_tyler1.pdf
PUB TYPE	Information Analyses (070)
EDRS PRICE	EDRS Price MF01/PC01 Plus Postage.
DESCRIPTORS	Academic Achievement; Adult Basic Education; Adult Literacy; Comparative Analysis; Correctional Education; Cost Effectiveness; Dropout Research; Dropouts; *Economic Impact; *Educational Attainment; Educational Benefits; Educational Policy; Educational Practices; Educational Research; *Employment Patterns; *High School Equivalency Programs; High School Graduates; Literacy Education; Literature Reviews; Nontraditional Education; Outcomes of Education; Postsecondary Education; *Salary Wage Differentials
IDENTIFIERS	*General Educational Development Tests; Impact Studies; *Return on Investment

ABSTRACT

The economic benefits of the General Educational Development certificate (GED) were examined through a review of four published papers and four unpublished working papers on the GED's benefits. Key findings were as follows: (1) a GED provides economic benefits only to low-skilled dropouts; (2) economic benefits of a GED appear over time--often over 4 or 5 years--rather than immediately; (3) although the returns on postsecondary education and training are as large for GED holders as for traditional high school graduates, GED holders do not typically pursue postsecondary education or on-the-job training, thus missing out on economic benefits; and (4) a GED earned in prison appears to provide no economic payoff. The following were among the study's implications for policy, practice, and research: (1) GED preparation progra- are a worthwhile investment; (2) better data on GED holders' postsecondary education and on the jobs held by dropouts with and without a GED is needed; (3) research on why GED holders' participation in postsecondary education differs from their intentions can inform policy responses; and (4) given that many males obtain a GED in prison, greater understanding of the "prison GED" is needed. (MN)

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The Economic Benefits of the GED: A Research Synthesis

A NCSALL Research Brief

John H. Tyler

As more states use test results as a determinant for high school graduation, many analysts predict higher dropout rates and the growth of the GED as an important educational credential. But does a GED provide economic benefits to a high school dropout?

Since the U.S. Department of Education's Office of Educational Research and Improvement (OERI) published its comprehensive 1998 synthesis of research on the General Educational Development (GED) certificate, eight new papers have influenced what we know about the economic benefits of this credential. A review of the new research—four published papers and four unpublished working papers, all by researchers whose earlier work on the GED appeared in the 1998 synthesis—offers four key lessons.

Benefits Only for Some

Earlier research has shown clearly that GED holders do not fare as well in the labor market as traditional high school graduates. But synthesis of the most recent research indicates differences among GED holders as well, with economic benefits going only to low-skilled dropouts.

This finding contrasts with earlier GED research that showed small and statistically insignificant wage and earning differences between dropouts with and without the GED credential. However, newer research models that do not assume economic benefits are constant, regardless of the GED holder's skill level, indicate that dropouts with very low skills tend to benefit from the GED credential. A GED provides no additional economic benefit, however, to dropouts with higher skills.

The latest research signals to both policymakers and practitioners that the GED seems a worthwhile investment for the people GED preparation programs tend to serve: those who leave school with relatively low skills.

Time Matters

Synthesis of the research also reveals that economic benefits associated with a GED appear over time rather than immediately. As many as four or five years may pass before statistically significant economic differences appear between GED holders and dropouts lacking this credential.

Key Findings

- A GED provides economic benefits only to low-skilled dropouts.
- Economic benefits of a GED appear over time, not immediately.
- The returns on postsecondary education and training are as large for GED holders as for traditional high school graduates, but GED holders don't typically pursue postsecondary education or on-the-job training, missing out on economic benefits.
- A GED earned in prison appears to provide no economic payoff.

Implications for Policy, Practice, and Research

- GED preparation programs are a worthwhile investment.
- Better data on GED holders' postsecondary education and the jobs held by dropouts with and without a GED would be useful.
- Research on why GED holders' participation in postsecondary education differs from their intentions can inform policy responses.
- Given that many males obtain a GED in prison, greater understanding of the "prison GED" is needed.

Reasons for the delayed returns are unclear. Better data on postsecondary enrollment and attendance patterns as well as more information about jobs in which high school dropouts with and without the GED credential are employed would help provide an explanation.

Missed Opportunities

Returns on postsecondary education and training are as large for a GED holder as for any high school graduate. However, GED holders typically obtain very little postsecondary education or on-the-job training, despite expressing a desire to do so. This indicates that none of the economic benefit of the GED derives from gaining access to additional education and training. Furthermore, a review of the research shows that the average GED holder spends

a relatively large amount of time in off-the-job training—defined as government-sponsored and proprietary school training—that provides no measurable economic returns, at least for males.

Additional research establishing reasons for the mismatch between GED holders' goals and actions would be informative. Do their goals change? Do such factors as childcare, transportation, or work limit their postsecondary enrollment? And why do they choose proprietary school training over other forms of education? Different answers to these questions would suggest very different policy responses.

Prison is a Factor

Although many GED certificates are obtained in prison (25 percent of all those earned by black males and 5 percent of those earned by white, non-Hispanic, and Hispanic males), there appears to be no economic payoff for a "prison GED." Quarterly earnings of high school dropouts who passed the GED tests while in prison and those who failed were no different for up to five years after the exams were taken. It isn't possible to determine from the existing research why low-skilled dropouts who obtain a GED in prison do not reap the economic benefits they would had they earned the same credential elsewhere.

John H. Tyler is an assistant professor of education, economics, and public policy at Brown University, where he has joint appointments in the Department of Education, Department of Economics, and Taubman Center for Public Policy and American Institutions. He is also a faculty research fellow of the National Bureau of Economic Research.

For more on John Tyler's research or to learn about other NCSALL efforts connecting research and practice to strengthen adult literacy education programs, visit http://ncsall.gse.harvard.edu.

The National Center for the Study of Adult Learning and Literacy (NCSALL) is a partnership of the Harvard Graduate School of Education, World Education, the Center for Literacy Studies at the University of Tennessee, Portland State University, and Rutgers University. NCSALL is funded by the Educational Research and Development Centers Program, Award Number R309B60002, as administered by the Office of Educational Research and Improvement/National Institute on Postsecondary Education, Libraries, and Lifelong Learning, U.S. Department of Education.

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